



PAYING STUDENT LOANS? WHAT YOU NEED TO KNOW

For students who dropped out of school as a result of COVID -19, the student is not required to return Pell grants or federal student loans to the Secretary. Waives the requirement that institutions calculate the amount of grant or loan assistance that the institution must return to the Secretary in the case of students who dropped out of school as a result of COVID-19. In addition, the student's grades do not affect a student's federal academic requirements to continue to receive Pell Grants or student loans.

Student loan debt collection – separate from the FFCRA or the CARES Act, the US Education Department has announced that it will temporarily suspend collection and wage garnishments of individuals with defaulted student loans. It will also refund approximately \$1.8 in garnishments collected since the president declared a national emergency on March 13. In addition, third party debt collectors have been instructed by the department to halt all activities related to debt collection.

Employers can help with student loans – the CARES Act enables employers to provide a student loan repayment benefit to employees on a tax-free basis. Under the bill, an employer may contribute up to \$5,250 annually toward an employee's student loans, and such payment would be excluded from the employee's income. The \$5,250 cap applies to both the new student loan repayment benefit as well as other educational assistance (e.g., tuition, fees, books) provided by the employer under current law. The provision applies to any student loan payments made by an employer on behalf of an employee after date of enactment and before January 1, 2021.